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Approved For Release 2003/05/05 : CIA-RDP84-00780R002100110063-0

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Approved For Release 2003/05/05 : CIA-RDP84-00780R002100110063-0

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***INDUSTRIAL CONTRACT
AUDIT DIVISION
OF/DDS***

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MISSION:

***AUDIT OF CONTRACTS PRIOR
TO FINAL PAYMENT***

***SUPPORT OF PROCUREMENT
DIVISION/OL IN ITS CONTRACT-
ING ACTIVITIES***

SECRET

A. PRE-CONTRACT AWARD SERVICES

SURVEY CONTRACTORS' INTERNAL CONTROLS AND ACCOUNTING PRACTICES

REVIEW AND EVALUATE CONTRACTORS' FINANCIAL CONDITION

ANALYZE CONTRACTORS' COST PROPOSALS

RENDER ACCOUNTING COUNSEL TO CONTRACTING OFFICER

SECRET

B. POST-CONTRACT AWARD SERVICES

REVIEW CONTRACT DOCUMENTS

AUDIT COST-TYPE, FIXED-PRICE INCENTIVE AND FIXED-PRICE REDETERMINABLE CONTRACTS

AUDIT OVERHEAD EXPENSES

MAINTAIN LIAISON CONTACTS WITH DEFENSE CONTRACT AUDIT AGENCY

AUDIT SELECTED FIXED-PRICE CONTRACTS

RENDER ACCOUNTING COUNSEL TO CONTRACTING OFFICER

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Approved For Release 2003/05/05 : CIA-RDP84-00780R002100110063-0

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~~SECRET~~
~~PLANS~~

PROCUREMENT LIAISON AUDITOR

LIAISON AUDITORS DETAILED TO TECHNICAL COMPONENTS TO PROVIDE EFFECTIVE COMMUNICATION AND COORDINATION AMONG PROCUREMENT, TECHNICAL AND AUDIT ACTIVITIES, WILL:

- 1 REVIEW COST PROPOSALS RECEIVED IN TECHNICAL COMPONENT.
- 2 REQUEST THAT CONTRACTING OFFICERS OBTAIN FURTHER DETAILS OR ADDITIONAL SUPPORTING DATA WHEN COST PROPOSALS ARE DEFICIENT.
- 3 OFFER OPINION OR CONCUR IN OPINION OF THE CONTRACTING OFFICER, THAT AN AUDIT ANALYSIS IS NOT ESSENTIAL IN ARRIVING AT A DETERMINATION THAT A PROPOSED PRICE IS FAIR AND REASONABLE.
- 4 PERFORM ANALYSES OF PROPOSALS REQUIRING ANALYSIS OR TRANSMIT PROPOSAL TO ICAD FOR ANALYSIS.
- 5 RECEIVE COPIES OF AUDIT REPORTS FROM ICAD AND BE AVAILABLE TO DISCUSS THE REPORTS WITH PROCUREMENT AND TECHNICAL PERSONNEL OF THE COMPONENT.
- 6 PARTICIPATE IN AN ADVISORY CAPACITY IN NEGOTIATION CONFERENCES.
- 7 CONSULT WITH AND ASSIST THE COMPONENT TECHNICAL REPRESENTATIVE IN EVALUATING LABOR HOURS AND MATERIAL REQUIREMENTS OF A PROPOSED CONTRACT.
- 8 REQUEST THE SERVICES OF ICAD PERSONNEL WHEN, IN THEIR OPINION, SUCH SERVICES WILL BE BENEFICIAL IN THE NEGOTIATION, ADMINISTRATION OR SETTLEMENT OF A CONTRACT.
- 9 BE ALERT TO ANTICIPATED INCREASE IN CONTRACT WORK OF COMPONENT AND ADVISE ICAD IN ORDER THAT ADVANCE PLANNING MAY BE MADE.

PLANS

I. WITH PRESENT ORGANIZATIONAL STRUCTURE AND PRESENT T.O.

A. EMPHASIS WILL BE PLACED, IN ACCORDANCE WITH PRESENT PRIORITIES, ON:

1. SURVEYS AND FINANCIAL ANALYSES
2. COST ANALYSES
3. CONTRACT AUDITS:

OVERHEAD AUDITS

FINAL AUDITS

INTERIM AUDITS

B. WE SHALL CONTINUE TO REVIEW OUR PROCEDURES IN ORDER TO:

1. CURTAIL THE LESS ESSENTIAL
2. ABOLISH THE NON-ESSENTIAL

C. WE SHALL CONTINUE OUR EFFORTS TO ACHIEVE EFFICIENCY

1. ON-THE-JOB TRAINING
2. WORK WITH PROCUREMENT DIVISION/OL TO OBTAIN MORE REALISTIC DEADLINES ON REQUESTS FOR AUDIT SERVICES

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Approved For Release 2000/05/05 : CIA-RDP84-00780R002100110063-0

PLANS

II. WITH PRESENT ORGANIZATIONAL STRUCTURE AND INCREASED T.O.

- A.** EMPHASIS WILL CONTINUE IN ACCORDANCE WITH PRESENT PRIORITIES
- B.** WE SHALL DEVOTE ADDITIONAL TIME TO LOWER PRIORITY INTERIM AUDITS
- C.** WE SHALL INSIST ON MORE TEAM EFFORT IN COST ANALYSES AND NEGOTIATIONS
- D.** MORE AUDITS WILL BE MADE OF SELECTED FIXED-PRICE CONTRACTS
- E.** MORE EXTENSIVE REVIEW WILL BE MADE OF OVERHEAD RATES DETERMINED BY DOD